



May 1, 2017

To: Executive Committee
From: Darrell Johnson, Chief Executive Officer
Subject: Capital Programming Policies Update

Overview

The Orange County Transportation Authority's Capital Programming Policies provide guidance to Orange County Transportation Authority staff on the use of Measure M2, state, and federal funds. Project-specific funding commitments are recommended based on these policies. Updated funding policies are presented for review and approval.

Recommendation

Approve the updated Capital Programming Policies.

Background

The Capital Programming Policies (CPP) include programming policies for Measure M2 (M2) funding programs that fall under the M2 Ordinance and specific program guidelines. Major state and federal fund sources are also included in the CPP. Most of these state and federal programs provide funding to Orange County on a formula basis. The funding sources have specific transportation improvement goals, as defined by the enabling legislation and additional state and federal rules, which are considered in the development of current programming policies. There are 21 state and federal fund sources included in the CPP. A description of each state and federal funding program and how the Orange County Transportation Authority (OCTA) has used the funds is provided in Attachment A.

This update to the CPP includes minor changes based on the new California Freight Investment Program (CFIP) and also new opportunities to fund Metrolink operations with federal funds. The current state and federal transportation funding programs were last updated in December 2016, and updates for the Board of Directors' (Board) approval are provided below.

The new federal transportation bill, Fixing America's Surface Transportation (FAST) Act, was adopted in December 2015, and established a new formula freight fund. The National Highway Freight Program provides approximately \$556.2 million in apportionments to the State of California over the five-year period of the FAST Act. The California Transportation Commission (CTC) is required by state statute to allocate these funds, and are doing so by means of the CFIP. The details of this new program are presented in Attachment A.

In April, the State of California enacted SB 1 (Beall, D-San Jose), the Road Repair and Accountability Act of 2017, which created several new funding programs to provide funding for local street and road repairs, local trade corridors, congestion reduction on major commute corridors, support to self-help counties, active transportation and planning grants, as well as providing additional funding to the State Transit Assistance Fund, Transit and Intercity Rail Capital Program, State Highway Operations Preservation Program, and stability for the State Transportation Improvement Program. Guidelines, which will identify the funding goals and eligible agencies for the new programs, have not yet been developed. Staff will return to the Board with updated policies as guidelines are developed for the individual programs within the Road Repair and Accountability Act of 2017.

Discussion

The CPP is intended to provide direction for future revenues as they become available. The overall goal is to ensure the maximum benefit from each source in relation to OCTA's programs and projects, consistent with OCTA's Strategic Plan goals, including stewardship, fiscal sustainability, and mobility. Programming requests are brought forward based on state, federal, and local funding program timelines, the achievement of design or project delivery milestones, project needs, cost savings, and other factors. The CPP guides staff programming recommendations to the Board. For example, between December 2016 and April 2017, the Board considered and acted on five staff reports that changed programming decisions for various highway, streets and roads, and transit projects. The list of staff reports with recommended and approved programming actions is provided as Attachment B.

CFIP

The objective of the CFIP is to fund projects that improve the efficient movement of freight on designated corridors throughout the state, and support the goals outlined in the National Highway Freight Program, the California Freight Mobility Plan, and the California Sustainable Freight Action Plan. Funds from the National Highway Freight Program will flow to agencies through the CFIP.

The CTC has designated five corridors as eligible for CFIP funding. Orange County is included in the Los Angeles/Inland Empire Corridor. Projects may be submitted by the California Department of Transportation, regional transportation agencies, port authorities, or other local agencies to the CTC for funding consideration. The corridor regions will prioritize projects for funding, and the CTC is responsible for final project selection and approval. OCTA is proposing a policy related to this program that would first seek to fund eligible M2 Program projects that meet the requirements and goals of the program, then fund other eligible Orange County projects.

Use of Federal Funds for Metrolink Operations

Over the last year, Metrolink was asked to consider whether or not federal funds could be used toward Metrolink operations in a way similar to OCTA's use of Federal Transit Administration (FTA) funds for bus preventive maintenance. Metrolink has determined that several isolated preventive maintenance contracts could be funded using either FTA Section 5307 (FTA 5307) and/or FTA Section 5337 (FTA 5337). Moving forward, Metrolink will work to federalize all eligible contracts. Staff is proposing a policy that would allow the direction of these FTA funds towards Metrolink operations. Use of the federal funds for this purpose would preserve M2 Project R funds for future operations. The policies are being updated to allow this use.

The specific proposed policy language for the CFIP, the National Highway Freight Program, FTA 5307 and FTA 5337 is provided in Attachment C. As noted above, programming requests will be brought forward based on state, federal, and local funding program timelines, achievement of design or project delivery milestones, project needs, cost savings, and other factors.

Summary

Staff is requesting the Board to approve the specific policy changes included in Attachment C. The existing CPP are provided as Attachment D. The approved state, federal, and M2 capital programming commitments are included in the Capital Funding Program for reference purposes (Attachment E).

Attachments

- A. State and Federal Funding Sources – Origins, Existing Uses, and Estimates
- B. List of Board of Directors Reports with Programming Actions for Programs in the Capital Programming Policies – December 2016 – April 2017
- C. Proposed Changes to Capital Programming Policies by Fund Source – May 2017
- D. Existing Capital Programming Policies by Fund Source – May 2017
- E. Capital Funding Program Report

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